CHAPTER 5

ECONOMICS

The following report should be read in conjunction with the Economics Paper 1 and Paper 2 question papers for the NSC November 2022 examinations.

5.1 PERFORMANCE TRENDS (2018–2022)

The number of candidates who wrote the Economics examination in 2022 increased by 1 534 compared to that of 2021.

Although the table below indicates a negative trend over the years 2018-2021, a significant improvement in results was evident this year.

Candidates who passed at 30% (Level 2) improved from 67,9% in 2021 to 71,5% in 2022. There was also a significant improvement in the pass rate at 40% (Level 3) over the past two years from 40,3% to 46,9%.

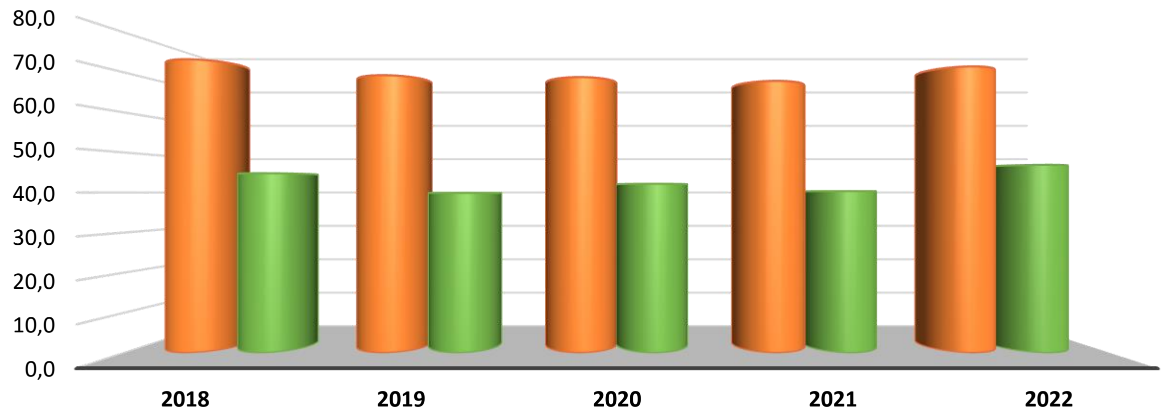
There was also an increase in the percentage of distinctions over 80% (Level 7) from 1,1% to 2,0%. Given the higher number of candidates, this converts into an increase in the total number of distinctions by 1 222 candidates.

In view of disruption to academic programmes in 2020 and 2021, the results achieved by this cohort are particularly commendable. Strategic intervention programmes at all levels (National, Provincial, Districts and Schools) ensured that learners were adequately prepared. The diligence and perseverance of the above-average candidates also contributed to the favourable overall performance.

Table 5.1.1 Overall achievement rates in Economics

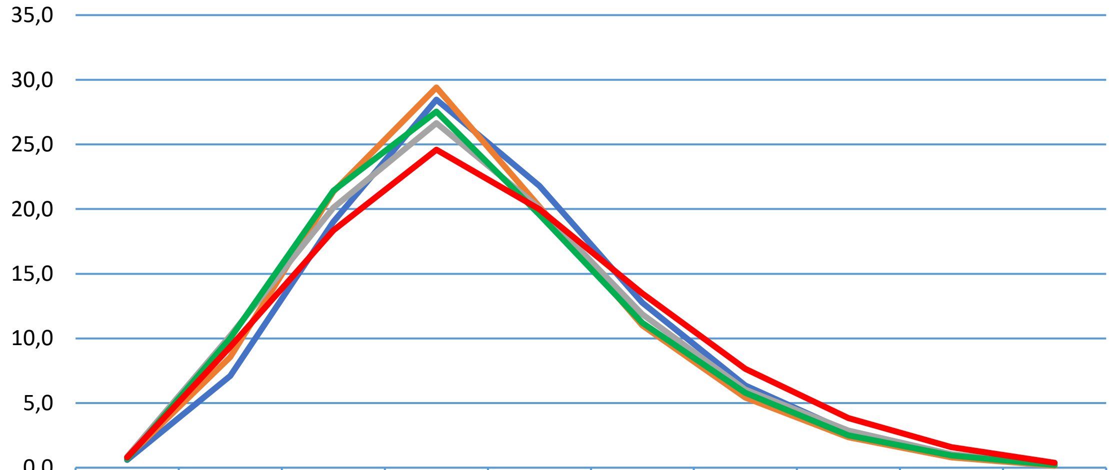
Year	No. wrote	No. achieved at 30% and above	% achieved at 30% and above	No. achieved at 40% and above	% achieved at 40% and above
2018	115 169	84 395	73,3	51 609	44,8
2019	107 940	74 796	69,3	43 054	39,9
2020	118 484	81 536	68,8	49 958	42,2
2021	139 191	94 479	67,9	56 145	40,3
2022	137 657	98 414	71,5	64 559	46,9

Graph 5.1.1 Overall achievement rates in Economics (percentage)



	2018	2019	2020	2021	2022
% achieved at 30% and above	73,3	69,3	68,8	67,9	71,5
% achieved at 40% and above	44,8	39,9	42,2	40,3	46,9

Graph 5.1.2 Performance distribution curves in Economics (percentage)



	0-9.9	10-19.9	20-29.9	30-39.9	40-49.9	50-59.9	60-69.9	70-79.9	80-89.9	90-100
2018	0,6	7,1	19,0	28,5	21,8	12,8	6,4	2,8	1,0	0,2
2019	0,8	8,6	21,3	29,4	20,2	11,0	5,4	2,4	0,8	0,2
2020	0,9	10,2	20,1	26,7	20,1	11,9	6,0	2,9	1,0	0,2
2021	0,7	10,0	21,4	27,5	19,6	11,2	5,8	2,5	0,9	0,2
2022	0,8	9,4	18,4	24,6	20,0	13,5	7,6	3,8	1,6	0,4

5.2 OVERVIEW OF CANDIDATE PERFORMANCE: PAPERS 1 AND 2

General comments

There has been a marked improvement in the writing of essays in recent years. While there has been a marginal improvement in the 8-mark higher-order questions, the candidates were still challenged by the additional part of the essay and the drawing of graphs. The results will only improve in a meaningful and sustainable way if these areas are addressed.

A thorough understanding of concepts in all topics will greatly enhance performance in both papers, as they form the basis of understanding subquestions pitched at various cognitive levels. This has a direct impact on Section A, Section B (where concepts are tested as definitions and also applied in a particular context), and Section C (where concepts form part of the introduction for the essays.) An excellent knowledge of Economics terminology will result in correct interpretation and answering of indirect questions in Sections B and C. Teachers need to reinforce concepts through regular assessment in class.

It is imperative that the content of all topics be covered adequately and timeously to ensure sufficient opportunity for revision. When teachers fall behind in content coverage, topics under *Economic Pursuits* and/or *Contemporary Economic Issues* tend not to be taught thoroughly. Candidates who attempt questions on these topics perform poorly, in comparison to questions about other topics. Teachers should structure assignments, projects and case studies in Grades 10 and 11 in a manner that will develop learners' writing skills, thus preparing them to cope with the Grade 12 content. This is also an area in which teachers must be supported by subject advisors.

In Grades 10 and Grade 11, learners' knowledge of topics/content should be extended wherever possible so that a strong foundation is set to cope with the demands of the Grade 12 curriculum. Grade 10 topics such as the *Circular Flow and Quantitative elements, Budget, Government Intervention, Business Cycles, Quantitative Elements* and Grade 11 topics such as *Calculation of the GDP, Market Structures, Cost and Revenue Curves, Income Inequalities, Indicators, North/South Divide, Globalisation and Environmental Sustainability* have strong links to Grade 12 topics and should be emphasised.

While there has been a general improvement in the drawing of graphs over the years, the technical aspects need to be reinforced. This would include the correct shape, positioning and labelling of cost and revenue curves in the perfect and imperfect markets. Teachers need to address graphs with learners by drawing the cost and revenue curves step by step. As each step is done, it needs to be explained. After the teacher draws each step, learners should do likewise in their workbooks. Emphasis must be placed on the average cost curve (i.e. *smile*) which must always be drawn before the marginal cost curve (i.e. *tick*). This will ensure that the MC always intersects the AC at its minimum point. It is extremely important that teachers recognise the integration of topics from Grade 10 to 12. Graphs relating to cost and revenue curves must be dealt with thoroughly in Grade 11 as this is the foundation for the more complex graphs in Grade 12. Learners still lack the skill of interpreting the graphs they have drawn. Teachers should equip learners with interpretation skills while taking them through the steps of drawing graphs.

Simple calculations and formulae need to be reinforced and assessed regularly as these skills are tested frequently in the NSC examination papers, e.g. *national account aggregates, moving averages, tax burden, the multiplier, BoP, exchange rates, profit and loss, production cost, CBA, percentage changes* and the *inflation rate.*

Specific findings

(a) A good understanding of tables, extracts, news articles, figures and graphs enabled many candidates to perform well.

(b) Although candidates were able to complete each paper within the allocated time, it seemed that they had limited time to review their work as evidenced by some subquestions in Sections A and B being omitted.

(c) The main reasons for underperformance were the following:

- **Skills:** Poor language skills made it difficult for candidates to understand the requirements of questions and to express themselves clearly, especially in paragraph-type questions which formed a large part of the question paper. Most candidates were unable to solve problems, give their own opinions or evaluate data connected to their study material. Candidates also lacked basic knowledge of the general economic issues of the day.
- **Content coverage**: It is evident from the poor performance of many candidates that their teachers did not cover some of the topics. Basic Economics concepts/terminology seemed to be lacking among many candidates and there was also a lack of knowledge on current economic issues, notably in the following subquestions:
  - Paper 1 Q2.5 Analyse the problems faced by the South African government in providing public goods and services
  - Paper 2 Q3.3.5 How can crime as a socio-economic issue negatively influence the tourism sector?
  - Paper 2 Q5 Additional Part: Evaluate the success of international agreements in reducing climate change.
- **Exposure to different types of questions:** Teachers play a crucial role in preparing their learners to deal with a variety of questions with different instruction verbs, such as *why*, *how* and *what* and the unlocking of knowledge in a variety of ways. This gives them the opportunity to develop a variety of higher-order thinking skills in the context of the subject content being taught. Skilled learners are better able to write essays and paragraphs and offer their opinions with confidence. Such learners are able to focus on the information that is relevant to the answering of each question.
- **Problem-solving skills:** Learners should be challenged to solve everyday problems experienced in their own communities, e.g.:
  - Paper 1 Q3.3.5 How can the government improve the productivity of the South African labour force?
  - Paper 2 Q3.5 How can South Africa reduce imports in order to correct a balance of payments deficit?
  - Paper 2 Q2.1.2 Why does the government provide subsidies to the producers?
  - Paper 2 Q5 How can the government use the fiscal policy to combat demand pull inflation?
- **Language ability:** Although proficiency in the language of assessment is still a drawback for many second-language candidates, some centres in deep rural areas produce good results compared to others experiencing similar circumstances. Teaching should take place in such a way that learners understand the content.

General suggestions for improvement

Teachers are advised to build the following practices into their work plan for the year:

(a) **Use of past NSC and *CAPS* aligned exam papers:** In preparation for the 2023 year-end examinations, all learners should have access to and make use of past NSC papers, which must include the final examination papers (2017–2022) and the supplementary examination papers (2018–2023) for clear guidance on style, format and different questioning techniques. Teachers should reflect on their own confidence and their ability to deal with each topic in the classroom situation. Furthermore, teachers should use the *2021 Examination Guidelines* as support material when it comes to the scope and depth of content and on how to assess learners' understanding of the specific content matter. Previous question papers and marking guidelines should be used as revision tools but not as a teaching tool, as it encourages spotting of questions for the exams. Interpretation of questions is critical.

(b) **Basic concepts:** Teachers should ensure that learners understand basic concepts and terminology before engaging in in-depth applications. More time should be spent on improving the reading skills of especially the second-language learners. Learners' understanding of terminology should be assessed on a continuous basis. *A glossary* of all concepts should be compiled for each topic. A quiz bowl, crosswords or team challenges may be interesting tools to assess knowledge of economic concepts. Regular classwork or homework on definitions will ensure that learners stay familiar with these basic concepts.

(c) **Requirements of questions:** Teachers should ensure that learners understand the requirements of questions that may appear in NSC examination papers. For example, if a question requires the drawing or analysis of a well-labelled graph, this must be done effectively to earn the relevant marks, e.g. Paper 1, Q2.3.5: 'With reference to the graph above, explain the effect of the increase in the demand for US dollar on the value of the rand.' Paper 2, Q5: 'With the aid of three separate graphs, discuss the short run equilibrium positions in a perfect market.'

Teachers should ensure that their learners understand the phrasing of questions, e.g. the *what*, *why* and *how* type of higher-order questions. However, the misconception that if a question begins with *How* then it constitutes a higher-order question, must be clarified. The following example illustrates this point:

Q3.1.2 How do households benefit from tourism? (2)

This is a middle-order cognitive level and an easy question. Learners should be guided by the mark allocation in terms of the depth of the answer required.

Regarding higher-order questions (especially Q2.5, Q3.5, Q4.5 and the additional part of the essay questions), candidates need to read the question carefully and highlight the key issues required. Further, it must be noted that answers to these questions are not necessarily found in textbooks but will require an application of content studied within a particular context. Reading the question again will ensure greater accuracy in the candidates' response. The question should be checked constantly to ensure the response logically suits it. It is not wise to respond immediately after the initial reading of the question.

Higher-order questions place advanced cognitive demands on learners and encourage them to think beyond literal answers to questions. Higher-order questions promote critical thinking skills because these types of questions expect learners to apply, analyse, synthesise, and evaluate information instead of simply recalling facts. Higher-order questions require learners to make inferences, draw relevant and insightful conclusions and use their knowledge in new situations. It also requires them to relate their thinking to other situations and to their own background knowledge. Issues from the real world can be used to either support or refute a point of view.

Time must be devoted to understanding the question clearly, for example:

- Paper 1: Q6 'Discuss in detail South African growth and development policies and strategic initiatives since 1994.' Some candidates who misinterpreted the question discussed in detail South Africa's initiatives (endeavours) in regional development.
- Paper 2: Q5 Additional part: 'Analyse the advantages of perfect competition as a market structure.' Many candidates referred to the characteristics of a perfect market without explaining how it can be an advantage for the consumer or producer.

Teachers need to realise that there are more interesting and creative ways to teach than by simply promoting rote learning. This includes teaching for understanding, decision-making, problem-solving, connecting a part to a whole, detail-to-concept, and concept-to-concept. There is also inference, prediction, analysis for bias and learning for transfer. Each of these techniques and processes requires some form of critical thinking. Opportunities for learners to develop critical thinking processes will not be found in classrooms dominated by the regurgitation of factual content. They are found in classrooms where active learning is an essential component.

(d) **Comments and explanations:** Teachers should equip learners with the relevant skills needed to express themselves clearly where comments or explanations are required. Learners need guidance on how to express opinions that are relevant to the context of especially higher-order questions, e.g.:

- Paper 1: Q5 Additional part: 'Analyse the challenges that an economic recession poses for the different participants in the economy.'
- Paper 2: Q2.5: 'How does mutual dependence influence the behaviour/actions of firms in the oligopoly market?'

(e) **The importance of formative testing:** Teachers should build the confidence of learners using short, informal formative tests and tasks. These tasks should be used to ascertain whether learners are able to apply their knowledge, placing emphasis on their own opinion and understanding. This will encourage learners to take ownership of the learning process.

(f) **The structure of the paper:**

- **SECTIONS A AND B:** The demands of these sections should be explained to learners to enable them to organise their answers properly. Leaving lines between subsections, using the correct numbering system, and not omitting question numbers are examples of techniques that make assessment more effective.
  In Section A, learners must be made aware that no marks will be awarded when they provide more than one answer to a short question. It is important that they cancel an incorrect answer in Q1.1, Q1.2 and 1.3 and write the correct one next to it, instead of writing over the incorrect answer. There is a misconception that answers to 1-mark questions in the *Data Response* items must come directly from the data. A question may require an application of knowledge when the answer appears in the data, or it may be a simple question related to the data.
- **SECTION C (Essay):** Teachers must stress the importance of the layout of the essay, i.e. introduction, body (main and additional part) and conclusion. There should be a clear distinction between the various aspects with line spacing between them. Using subheadings is crucial as this earns marks and provides structure to the response. Learners should structure the essay according to the outline provided in the question paper. Learners must be made aware that no

marks will be earned if any part of the introduction or body is repeated in the conclusion. Instead, it should include the learner's own opinion/an alternative viewpoint/any fact to support the body or a summary of the discussion.

Teachers must allow learners the opportunity to practise the answering of essay questions. When a topic or chapter is finished, an essay question should be given as a test or homework. If given as homework, the essay can be assessed in terms of the following important aspects (detailed assessment is not necessary):
- Relevant introduction
- Subheadings in the main part
- The appropriateness of the additional part
- Relevant conclusion

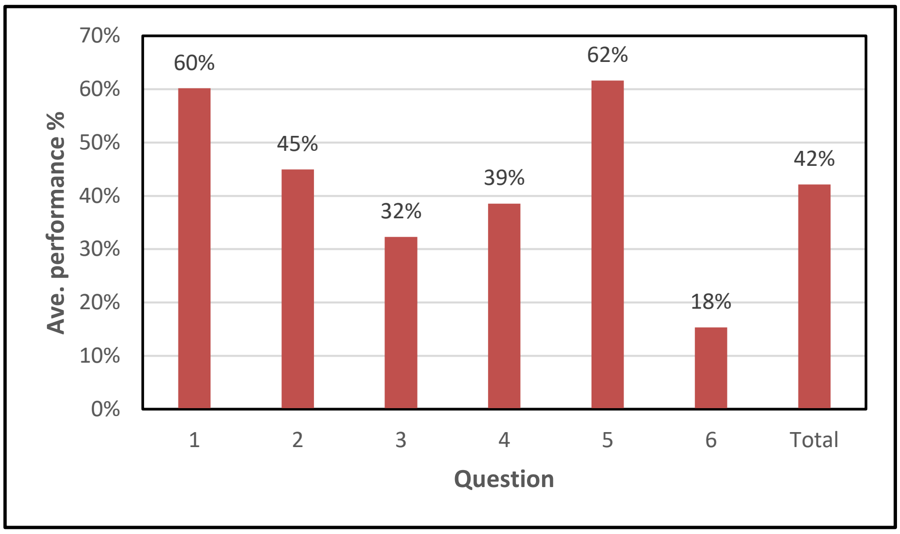
- Teachers are advised to use a variety of resources (including textbooks) to prepare notes that supplement material available to learners. This is necessary where a prescribed textbook does not adequately cover aspects stipulated in the *2021 Examination Guidelines*. Subject advisors and networking within cluster groups can help to cover content gaps that are evident in the various resources.
- Topics earmarked as possible essays in the *2021 Examination Guidelines* should be thoroughly prepared for the examination. Spotting of questions underprepares candidates and leads to poor performance. In both Paper 1 and Paper 2, various essay topics content was covered in lower-order, middle-order and higher-order questions,
  - Paper 1 reflected a total of 57 marks of these questions (see Q1.1.2, Q1.1.6, Q1.3.4, Q1.3.5, Q1.3.6, Q2.1.1, Q2.5, Q3.1.2, Q3.2.4, Q3.3, 3.4, Q3.5, Q4.3.3 and Q4.4).
  - Paper 2 reflected 65 marks of these questions (see Q1.1.3, Q1.1.8, Q1.2.3, Q1.2.4, Q1.2.5, Q2.1.1, Q2.3, Q2.5, Q3.1.2, Q3.5, Q4.2, Q4.3.5, Q4.4, and Q4.5).

5.3 DIAGNOSTIC QUESTION ANALYSIS OF PAPER 1

The performance in Section A increased slightly when compared to that of 2021. There was a decrease in Q1.1 and an increase in Q1.2 and Q1.3. In Section B, candidates performed better in Q2. In Section C, while Q5 showed a good increase, there was a significant drop in Q6.

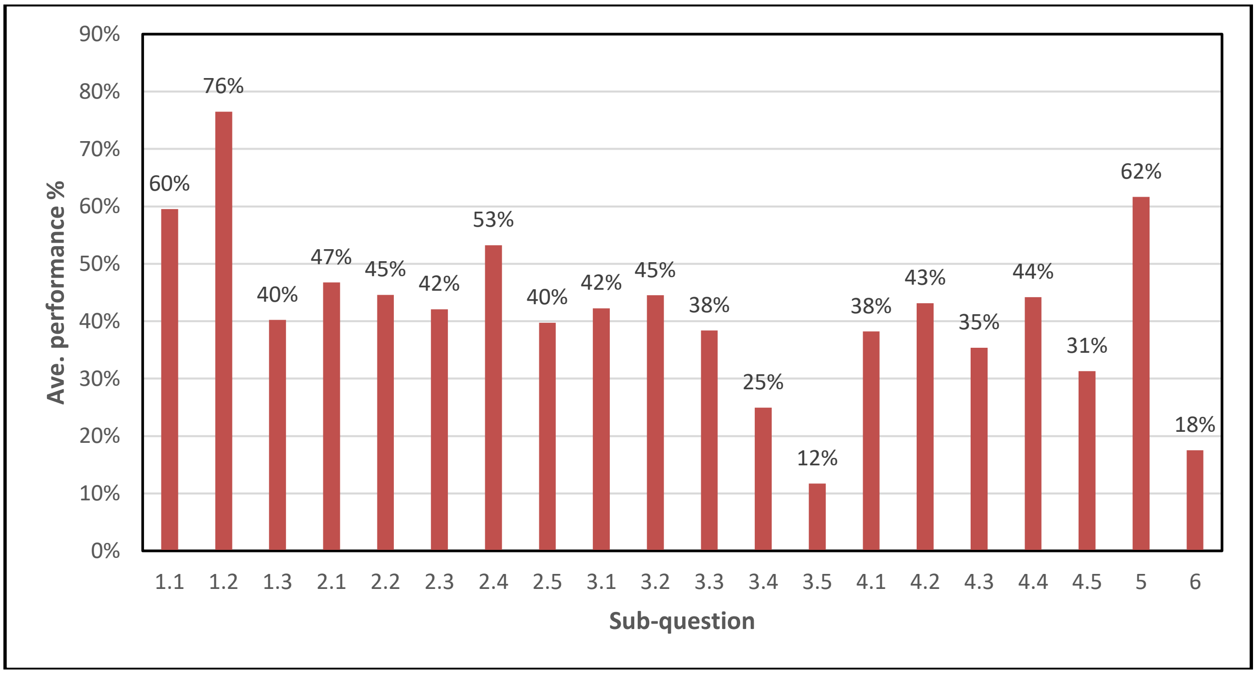
The following graph is based on data from a random sample of candidates. While this graph may not reflect national averages accurately, it is useful to assess the relative degrees of challenge of each question as experienced by candidates.

Graph 5.3.1 Average performance per question in Paper 1



Q	Topics
1	Objective questions
2	Macroeconomics
3	Economic pursuits
4	Macro and pursuits
5	Macroeconomics
6	Economic pursuits

Graph 5.3.2 Average performance per sub-question in Paper 1



Sub-Q	Topic	Sub-Q	Topic
1.1	Multiple choice	3.3	Social and Economic indicators
1.2	Matching	3.4	Methods of export promotion
1.3	Give a term	3.5	Regional development policies
2.1	Public sector & national account aggregates	4.1	Effects of international trade and BBBEE
2.2	Taxes and tax calculations	4.2	Multiplier
2.3	Foreign Exchange market	4.3	Industrial development policies
2.4	Circular Flow	4.4	Social Indicators
2.5	Problems in public sector provisioning	4.5	Balance of Payments
3.1	Economic integration and migration	5	Business Cycles
3.2	Protectionism	6	SA growth and development policies

5.4 ANALYSIS OF CANDIDATES' PERFORMANCE IN EACH QUESTION IN PAPER 1

QUESTION 1: MACROECONOMICS AND ECONOMIC PURSUITS

Most candidates achieved moderate results in Q1. The performance of candidates ranged from excellent to poor. Some candidates attained full marks, while others did not even attempt to answer some of the questions. This question was compulsory.

Common errors and misconceptions

(a) In Q1.1 a lack of content knowledge led to many candidates being unable to choose the correct alternative. Poor performance was recorded in Q1.1.3, Q1.1.4, Q1.1.5 and Q1.1.6.

(b) The majority of candidates performed well in Q1.2 and there were candidates who managed to obtain full marks for this question. The implication is that candidates perform better if they are provided with few concepts from which they may choose. However, poor performance was recorded for Q1.2.2 and Q1.2.5 where many of candidates could not match the correct description for *Keynesian approach* and *diversification* in 1.2.2 and 1.2.5 respectively.

(c) In Q1.3 most candidates performed poorly compared to Q1.1 and Q1.2. However, there was an overall improvement in this question from 2021.

Many candidates confused the concept *gross national product* with *gross domestic product* in Q1.3.1 and *employment rate* was confused with *unemployment rate* in Q1.3.6.

Suggestions for improvement

(a) It is imperative that learners first attempt to determine the correct answer to a multiple-choice question before considering the given options. Short formative tests on basic concepts are recommended to ensure that learners become familiar with Economics terms and concepts.

(b) The confidence of learners should be built by spending more time on the understanding of Economics terminology, definitions and concepts to ensure expanded knowledge over the broad spectrum of the subject.

(c) Commence each lesson by testing concepts that were taught in the previous lesson. Continuous and constant revision of concepts and terminology is strongly advised. *Mind the Gap* and any other supplementary material, which has terms and concepts at the beginning of each topic, can be used. The material can be accessed with the assistance of subject advisors. Learners should attempt to answer all items in Q1.1 and Q1.2 where the options are provided. Learners should also concentrate on more detailed preparation in respect of concepts and terminology to ensure that they attain higher marks for Q1.3.

(d) Learners must create their own glossary for each chapter. They can keep a separate book/document containing all the terms they have to study. Use informal concept tests to reinforce these concepts. Make use of flashcards, '30 seconds game' for Economics, etc.

(e) Although multiple-choice questions provide possible answers, they require full content knowledge. Constant revision of terminology is strongly advised.

(f) Subject advisors should monitor the teaching of Economics concepts by checking activities in learners' books during their school visits.

QUESTION 2: MACROECONOMICS

Common errors and misconceptions

(a) Q2.1.2 was poorly answered as most candidates misinterpreted the question by responding in terms of *cost of production* instead of *market price*. Some responses indicated that candidates could not differentiate between 'subsidies on *products*' and 'subsidies on *production*'.

(b) Most candidates performed poorly in 2.2.1 and 2.2.5, which were based on tax calculation.

(c) Poor performance was evident in Q2.3.3. Candidates confused *devaluation* and *depreciation* by excluding government intervention in the description.

(d) In Q 2.3.4 candidates confused *surplus* on the current account with a *deficit*. Responses focused more on methods to solve the deficit on the current account.

(e) Candidates' responses in Q2.3.5 showed a misinterpretation of the exchange rate graph as responses focused more on the *appreciation* of the rand against the dollar instead of the *depreciation*.

(f) A fair percentage of the candidates misinterpreted Q2.4 and explained the role of each participant instead of the interrelationship between households and businesses in the circular flow model.

Suggestions for improvement

(a) Teachers should focus on differentiating between *subsidies on products* and *subsidies on production* when discussing the three methods used to calculate the GDP. *Subsidies on production* include employment subsidies (learnerships) and subsidies to prevent pollution. *Subsidies on products* include export subsidies and bread subsidy.
In converting *basic prices* to *market prices*, taxes are added, increasing the price and subsidies are subtracted, reducing the price.

(b) Teachers need to use the examination guidelines when preparing lessons to cover all aspects that are required for a topic. The information on tax tables and calculations is available in the StatsSA publication and must be used in class for practical purposes.

(c) Concepts related to exchange rates, such as *appreciation* and *depreciation*, must be taught thoroughly by linking them to the graph on exchange rates. Various scenarios relating to the supply and demand of foreign exchange can be given as assessments to enhance learners' understanding of these terms.

(d) A clear distinction of roles and interactions of participants in the economy must be emphasised when teaching the *circular flow model*.

(e) Teachers need to engage learners in interpreting questions and to answer according to the cognitive demand of the question.

(f) Subject advisors need to support teachers by developing content-based documents that address challenging topics. Workshops based on content knowledge should be organised for newly appointed teachers and for those with content knowledge gaps.

(g) The use of print media is highly recommended in the classroom to acquaint learners with contemporary economic issues.

QUESTION 3: ECONOMIC PURSUITS

Common errors and misconceptions

(a) In *Q3*.1.1 candidates performed poorly as they confused *economic integration* with *economic growth policies* and *strategic initiatives*.

(b) Many candidates misinterpreted the data-response questions (Q3.2 and Q3.3). Most subquestions demanded reading with understanding and interpretation. In Q3.2.4 candidates did not understand the term *infant industry* but rather explained infant in general as a new-born baby.

(c) Q 3.2.5 indicated that candidates lacked content knowledge and the understanding of *free trade* as a policy, hence they could not explain its benefit. This was also evident in Q3.3.4 and Q3.3.5 where candidates could not explain the impact of *labour productivity* as an economic indicator.

(d) Candidates' responses were too generic and lacked factual knowledge in Q3.5 and could not evaluate the suitability of South Africa's development policies in terms of the benchmark criteria, due to poor interpretation and application skills.

Suggestions for improvement

(a) Teachers should emphasise that data-based questions cover middle-order responses. The action verbs *how* or *why* in this case would not have the same expectations of the candidates as higher-order type questions.

(b) Teachers should be able to link and relate content with real-life situations. Practising in the classroom will assist learners to adapt to higher-order questions. Content for discussion should be translated into real and/or current economic circumstances. Arguments in favour of free trade can also be classified as benefits or advantages.

(c) Additional learning material should be given to learners during the academic year. Data provided in data-response questions should be analysed thoroughly before learners attempt to answer any questions set.

(d) More case-study questions should be discussed in class and given as homework activities. Debates and presentations of certain topics should be conducted regularly. Teachers must endeavour to include the *why* and *how* types of questions to enable learners to think beyond typical textbook knowledge.

(e) Teachers must use examination guidelines to determine the depth and scope of the topic. Candidates need to be taught how to interpret questions and answer according to the cognitive demand of the question.

(f) Subject advisors need to support teachers by developing content-based documents that address challenging topics and collate data-response activities that can be used as formative assessment in the classroom.

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

Common errors and misconceptions

(a) Many candidates performed poorly in Q4.1.1 where they had to name any two effects of international trade (see p.19 of the *2021 Examination Guidelines*).

(b) Poor performance was also evident in Q4.1.2 as responses showed a lack of content knowledge on Broad-based Black Economic Empowerment (BBBEE). This made it difficult for candidates to relate BBBEE to the promotion of industrial development.

(c) In Q4.2.1 the identification of *mpc* from the given data was a challenge for candidates. They confused *mpc* with *mps* or provided any amount from the diagram. Typical responses were R80m, R100m and R20m.

(d) A fair percentage of the candidates performed poorly due to the use of an incorrect formula in calculating the value of the multiplier.

(e) Most candidates lacked knowledge on the role played by the DTIC in regional development; therefore, they could not name any incentive in Q4.3.2.

(f) In Q4.3.4 candidates misinterpreted the question and limited their responses to the impact of oil prices on households and not on industrial development as per the requirement of the question.

(g) Many candidates failed to relate the importance of infrastructure to previously neglected areas, as asked in the question. Responses dealt with the benefits of tarred roads and how infrastructure created employment in a generic sense.

(h) Candidates performed poorly in Q4.5 due to misinterpretation. Imports were discussed in general and were not related to correcting a balance of payments deficit.

Suggestions for improvement

(a) Teachers should use a variety of resource materials to prepare learners adequately for the examination. Current economic issues should be used as examples to illustrate the subject in context. Economics in the classroom should be linked to Economics in real life by exposing learners to actual data, graphs and statistics.

(b) Teachers should ensure that learners understand what is expected of them when instruction verbs such as *argue*, *analyse*, *evaluate* or *differentiate* are used in a question.

(c) Questions based on the application of content knowledge must be taught to ensure that learners can adapt any question to its context.

(d) Learners should be guided on the process of selecting questions from both Section B and Section C as part of exam-answering techniques. It is noted that often all the questions in Section B are answered; this is a clear indication of poor planning and a waste of valuable time. Instructions need to be explained and reinforced to learners during their revision sessions so that they are clear about the requirements.

(e) Learners need to be trained to answer higher-order questions. Teachers should ensure that learners have a clear understanding of the depth of knowledge expected of them, as explained in the *2021 Examination Guidelines*.

QUESTION 5: MACROECONOMICS

Common errors and misconceptions

(a) Candidates could not be awarded full marks because they misinterpreted the question and explained the phases of business cycles. Listing of facts in different subtopics also led to poor performance in this section. Candidates confused *leading indicators* with *lagging indicators*. The following subheadings were also not well discussed by candidates:
- *Moving Average*
- *Amplitude*
- *Trend line*
- *Extrapolation*

(b) The additional part of the essay is higher-order and allocated 10 marks. Some candidates failed to obtain the maximum of 10 marks because they merely listed facts and did not analyse the challenges posed by recession in the economy. e.g. 'households will not have jobs' and 'firms will produce less goods and services.'

Suggestions for improvement

(a) It is important that subject advisors supplement content on this topic through teacher development workshops to address gaps in teachers' content.

(b) Teachers are urged to use the *2021 Examination Guidelines* which clearly indicate all the possible essay questions for the next three years. These essays should be prepared in advance to ensure excellent marks in the introduction and main parts of the essays. The fact that so many candidates included topics not earmarked as essays, such as different types of business cycles and phases of business cycles, is concerning since the policy guidelines have been provided.

(c) Teachers should expose learners to past question papers to enable wider awareness of different types of questions. Learners should be exposed to questions on all levels of difficulty during class activities, tests and internal examinations.

QUESTION 6: ECONOMIC PURSUITS

Common errors and misconceptions

(a) Most candidates could list the different arguments in favour of *protectionism*, but tended to be generic in their discussions. Candidates included detail on *free trade* and *export promotion,* which was not a requirement of the question. Most candidates misinterpreted the question and discussed industrial development initiatives instead of economic growth and development policies.

(b) Demand side policies and macroeconomic objectives were also discussed by some candidates.

(c) Misconceptions also included responses such as mere listing of examples (e.g. RDP houses), factors of production, industrial development policies, macroeconomic objectives of the state and fiscal measures.

(d) Most candidates performed poorly in the additional part of the question as they could not explain how *supply-side policies* can be used to promote economic growth and development. Some candidates misinterpreted the phrase *supply-side measures* and instead drew the supply curve from microeconomics.

Suggestions for improvement

(a) Teaching of these topics should be done holistically. Learners should be guided in discussing each fact in detail. This will ensure that they do not omit any crucial aspect of the answer. More time should be used to teach areas that can cause confusion.

(b) Basic content should not only be covered but should also be linked to the creativity of learners in the practical implementation of each topic. Case studies and class discussions can be used gainfully, in this regard. Learners need to improve their evaluation skills. Knowledge about recent developments can assist in making the module more interesting.

(c) Different methods of teaching, such as case studies, classroom discussions and debates, can be used to make discussions more meaningful in relation to policies. Teachers should have full knowledge about recent economic information and discuss this regularly in class. Teachers are urged to use the *2021 Examination Guidelines* which clearly indicate all possible essay questions for the next three years. These essays should be prepared in advance to ensure excellent marks in the introduction and main parts of the essays.

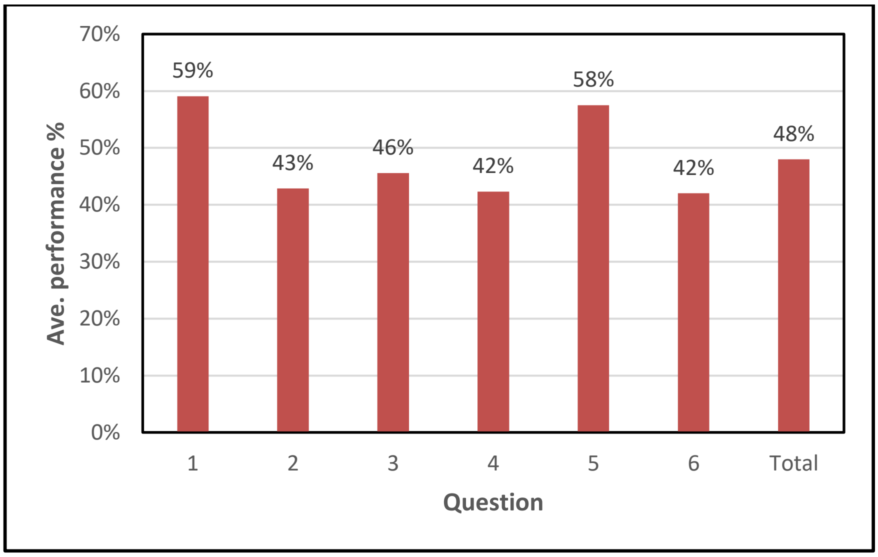
(d) Subject advisors need to monitor that assessment tasks administered contain balanced cognitive levels. Workshops on cognitive levels and levels of difficulty should form part of content workshops conducted during the year.

5.5 DIAGNOSTIC QUESTION ANALYSIS OF PAPER 2

The performance in Section A decreased slightly when compared to that of 2021. There was a decrease in Q1.1 and Q1.3. and an increase in Q1.2. In Section B, candidates performed marginally better in Q3 and Q4. In Section C, there was a remarkable improvement in Q5 when compared to 2021. There was a marginal decrease in Q6. The performance in Microeconomics over the years has generally been poor to average.

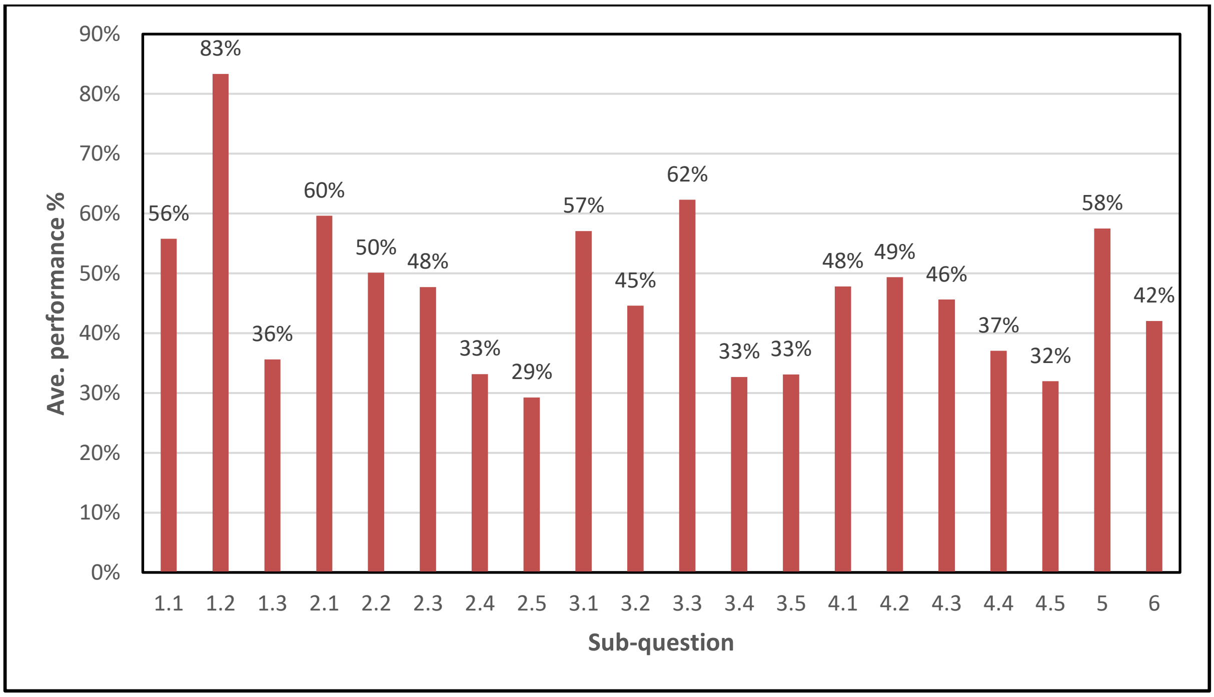
The following graph is based on data from a random sample of candidates. While this graph might not accurately reflect national averages, it is useful in assessing the relative degrees of challenge of each question as experienced by candidates.

Graph 5.5.1 Average performance per question in Paper 2



Q	Topic/s
1	Objective questions
2	Microeconomics
3	Contemporary economic issues
4	Microeconomics and contemporary economic issues
5	Microeconomics
6	Contemporary economic issues

Graph 5.5.2 Average performance per subquestion in Paper 2



Sub-Q	Topic	Sub-Q	Topic
1.1	Multiple choice	3.3	Reasons for tourism
1.2	Matching	3.4	Tourism growth
1.3	Concepts	3.5	Consequence of inflation
2.1	Collusion/producer subsidy	4.1	Merit goods/interest rate
2.2	Monopolistic competition	4.2	Monopoly Graph- Economic loss
2.3	Maximum prices/minimum prices	4.3	Inflation
2.4	Negative externality- graph explanation	4.4	Causes of market failure
2.5	Mutual dependence in an oligopoly	4.5	Negative impact of tourism
3.1	Consumer inflation/tourism benefits	5	Equilibrium positions in a perfect market
3.2	Inflation	6	Sustainability measures by government

5.6 ANALYSIS OF CANDIDATES' PERFORMANCE IN EACH QUESTION IN PAPER 2

QUESTION 1: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES

Most candidates performed well in Q1, especially in the multiple choice and matching questions. In Q1.3 it was evident that candidates still struggled with concepts and often confused related concepts. Overall, there was slight decline from the previous year. The performance of candidates ranged from excellent to poor. Some candidates attained full marks while a few did not even attempt to answer some of the questions.

Common errors and misconceptions

(a) In Q1.1 many candidates omitted some answers, which resulted in incorrect numbering. In some cases, more than one answer was provided.

(b) Poor performance can be attributed to the misunderstanding between *allocative inefficiency* and *productive inefficiency* in Q1.3.4 and *preservation* was confused with *conservation* in Q1.1.7.

(c) In Q1.1.8 a fair percentage of candidates did not know the international agreement that managed the disposal of chemical waste.

(d) Although most candidates performed very well in Q1.2, many of them chose option 'G' as an answer for implicit cost in 1.2.1.

(e) In Q1.3.1 most candidates, including the high-performing candidates, performed poorly as answers varied from 'short-run' to 'inflation' instead of *diseconomies of scale*. Some candidates wrote *economies of scale* as the answer.

(f) Confusion between concepts in Q1.3.1 was evident as many candidates gave *hyperinflation* and *inflation* instead of *demand-pull inflation* as the answer.

(g) *Transit tourist* was confused with *inbound tourist* in Q1.1.5.

Suggestions for improvement

(a) In Q1.1 learners are expected to write the letter of their choice (A, B, C or D) next to question numbers. However, if for some unknown reason, they decide to write the statements/option, then this would have to be the complete statement, as per the question paper. It is suggested that learners first attempt to determine the correct answer to multiple-choice questions before analysing the given options. Learners must be made aware that no marks will be awarded when they provide more than one answer to a short question. It is important that they cancel an incorrect letter in Q1.1 and Q1.2 and write the correct one next to it, instead of writing over the incorrect letter chosen.

(b) Teachers should emphasise the difference between *implicit costs* and *explicit costs* and try to relate fixed and variable costs to explicit costs with examples. Teachers could go one step further and explain the difference between *accounting profit* and *economic profit* and how it relates to explicit cost and implicit cost. This will give learners a clear understanding of why *normal profit* in Economics is equated to *break-even point* (considering explicit and implicit costs). This is quite different to *profit* in Accounting, where only *explicit costs* are considered in determining profit.

(c) Emphasis on distinguishing between the related concepts such as *allocative efficiency and productive efficiency*, *conservation and preservation* is essential in avoiding confusion.

(d) Definitions and concepts should be emphasised. The use of a glossary should form the basis of the teaching and learning of Economics.

(e) Revision by means of short, regular formative tests on basic concepts is strongly recommended. Learners should be encouraged to make a list of the key concepts of each topic, especially in Microeconomics.

(f) Teachers should try to engage learners in terminology games, using media such as Kahoot, Quizziz, Quizlet and Crosswords.

QUESTION 2: MICROECONOMICS

Common errors and misconceptions

(a) In Q2.1.2 many candidates explained *subsidy* as a consumer benefit instead of a producer benefit.

(b) A fair percentage of candidates mentioned examples of a monopolistic competitive industry such as *Nike* and *KFC* in Q2.2.1*,* instead of naming the industry.

(c) Q2.2.3 was answered poorly as most candidates could not explain the term *patent.*

(d) Most candidates misunderstood the requirements of Q2.2.5 relating to product differentiation and its benefits. Many answers related to product choice.

(e) In 2.3.3 many candidates confused the explanation of *minimum prices* with that of *maximum prices.* There is also some confusion among teachers who are using the word 'lowest' to describe maximum prices.

Maximum price is a limit or cap on a price set by a government or an organisation – it is the highest price that can be set by producers. A price below the maximum is acceptable, and no intervention would follow.

Similar to *minimum prices*, it is the lowest price set by a government or an organisation. Maximum prices are called *price ceilings*, the highest price at which a producer could sell, and minimum prices are called *price floors*, the lowest price at which a producer could sell.

(f) Lack of application and interpretation of a graph in a certain context was evident in Q2.3.5 as many candidates' responses related to the market/industry instead of the individual business. Candidates found it difficult to explain the impact of one variable on another.

(g) Most candidates had great difficulty in interpreting and explaining the graph in Q2.4. Externalities were explained in general terms without reference to the graph and its effect on the market.

(h) Q2.5 was poorly answered. Some candidates did not even attempt to answer this question. Those who did, could not fully relate their responses to mutual dependence in the oligopoly market. Instead of explaining how actions of one firm affect the other, candidates drew a kinked demand curve and explained the two segments.

Suggestions for improvement

(a) Misinterpretations of questions seem too common among learners. Attempting past papers and unpacking a question in terms of what is required would help learners to write what is relevant to the question, especially for the 2-mark, 4-mark and 8-mark questions. This should be done without the marking guidelines.

(b) Teachers must clearly distinguish between examples of *firms* within an industry and examples of an industry. This would help learners to interpret the question correctly.

(c) A clear distinction must be made between *monopolistic competition* and *monopolistic market* as the latter relates to a monopoly market structure. Teachers must be encouraged to mediate the content, especially related concepts, more effectively to learners.

(d) While the practice of drawing and labelling graphs is essential to learners' understanding of various concepts and content related to a topic, teachers should also encourage learners to provide explanations of given graphs on a regular basis where credit must be given to explanations related to the graph.

(e) Teachers must spend time explaining the instructional verbs from the *2021 Examination Guidelines* to learners in detail. Learners should clearly understand the expectations of these verbs, especially in relation to higher-order questions.

(f) Learners need to be aware of the specific requirements of a higher-order question. In addition, teachers need to assess higher-order questions appropriately so that learners clearly understand the mark allocation. A mere listing of facts without an explanation in context will earn only 2 marks, instead of the full 8 marks.

(g) Subject advisors, through teacher development, should develop more material on market structures and market failures It is evident from learners' responses that teachers need support in this section.

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

Common errors and misconceptions

(a) In Q3.1.1 candidates were unable to differentiate between *consumer* and *producer inflation*. Instead of naming the types of *consumer inflation*, they mentioned *producer price index* and *the various types of inflation* as an answer.

(b) Most candidates answered *SARS* instead of *SARB* in response to Q3.2.2

(c) Many candidates' responses to Q3.2.5 indicated they were unable to calculate the inflation rate and were confused by the formula/method. Some candidates calculated the inflation rate of 2018 and 2019. Some failed to multiply by 100 to express the figure as a percentage while others divided by 100.

(d) In Q3.3.4 some candidates explained the importance of tourism to *consumers*, instead of its benefit for the *government*. Some of the responses included 'Households are able to earn passive income though tourism activities.'

(e) Candidates discussed the negative impact of crime on the economy as a whole, instead of the impact on the tourism sector in Q3.3.5.

(f) A large percentage of candidates confused ‘Reasons for growth of the tourism industry’ with ‘Benefits of tourism’ in Q3.4. Some candidates wrote on ‘how to grow tourism’.

(g) In Q3.5 many candidates confused oil (crude oil), an input in any production process, with cooking oil.

Suggestions for improvement

(a) The teaching of contemporary economic issues is imperative and basic concepts need to be emphasised. Sometimes these topics may not be covered in some centres, possibly due to poor time management. Teachers should cover Environmental Sustainability thoroughly in Grade 11 as a large part of the content overlaps with the Grade 12 topic on the environment. Assessment should also be comprehensive to give learners a head-start in Grade 12. This will allow for more time to cover other topics which are sometimes neglected.

(b) Learners must be exposed to more data-response questions, i.e. 4-mark questions that require application skills. A thorough understanding of key concepts is necessary to interpret such subquestions. These questions should be discussed in class with the emphasis on using the relevant data to address the requirements of the question. Logical reasoning would enable learners to earn marks, especially if they can show an understanding of the question.

(c) Many examples with similar calculations within certain topics must be given to learners as practice. Teachers are encouraged to set their own activities by tweaking figures from tables from the various sources. Regular practice will improve the learners’ confidence.

(d) The importance of infusing current economic issues in lessons cannot be over-emphasised, especially where content can be linked to real-life issues. Issues such the impact of the high price of crude oil and the Russian-Ukrainian war can easily be linked to tourism and inflation.

(e) In teaching Economics, a crucial element is to motivate learners to think laterally about the topic. Where possible, teachers must relate the different topics to real-world issues. This will help learners prepare for higher-order questions. Learners must gain practice in evaluating, assessing or critiquing issues/topics whenever possible. Teachers are encouraged to set their own higher-order questions, to extend the engagement and knowledge acquisition of the learners in their respective classes. They should realise that textbooks are not adequate in providing all relevant and current responses to questions. Teachers should avoid an over-dependence on textbooks.

(f) Sufficient informal activities on high-order questions are crucial in preparing learners for subsequent formal assessment tasks. Data-response questions should not merely require learners to re-produce answers from the given data. Learners should be able to apply the data in the appropriate context.

QUESTION 4: MICROECONOMIC/CONTEMPORARY ECONOMIC ISSUES

Common errors and misconceptions

(a) In Q4.1.2 candidates mentioned that interest rates lead to more borrowing but failed to link borrowing to *inflation*.

(b) A fair percentage of candidates could not describe the term *natural monopoly* in Q4.2.3. They could not relate it to high start-up costs, instead they related natural monopoly to natural resources in a generic sense.

(c) Poor performance by candidates in the calculation of economic loss in Q4.2.5 was due to the use of an incorrect formula or incorrect substitution of values.

(d) Many candidates described the components of fiscal policy in Q4.3.5 without showing how it is used to combat *demand-pull inflation*.

(e) Candidates gave generic answers on market failures and just explained 'lack of information' and 'factors of production' in Q4.4, without linking their answers to the causes of market failure as required by the question.

(f) In Q4.5 candidates discussed the negative impacts of tourism in general and not specifically on the environment.

Suggestions for improvement

(a) A major contributing factor to poor performance is incorrect interpretation of the question due to a lack of thorough understanding of a particular concept. This negatively influences its application in a context that is relevant to the question and compromises logical reasoning. Teachers should refrain from providing marking guidelines to learners before they attempt challenging questions as this prevents them from thinking critically about the question themselves.

(b) A clear distinction between *artificial monopoly* (formed due to legal restrictions) and *natural monopoly* (formed due to economic reasons) should be made when teachers are explaining different types of monopoly during lesson presentations. This must be reinforced with examples.

(c) In calculating profit or loss, the formula (TR – TC) should not be altered because it results in an incorrect answer, i.e. a positive instead of a negative in the case of a loss.

(d) During revision, teachers are encouraged to pay attention to the fiscal policy and its effect within the various contexts (business cycles, public sector, economic growth and inflation). Some of the contexts overlap, such as fiscal policy in the smoothing of business cycles and also in combating inflation.

(e) When teachers deal with reasons for market failures, they must emphasise how each reason causes the market to misallocate resources either through productive inefficiency and/or allocative inefficiency.

(f) Learners must be trained to analyse questions. A fundamental problem in misinterpreting questions is a lack of understanding of the terminology contained within the question. This compromises the learners' ability to apply the information within a given context.

QUESTION 5: MICROECONOMICS

In general, the level of performance in the question was satisfactory. This particular essay was popular. The candidates, however, performed poorly in the additional part.

Common errors and misconceptions

(a) The following common errors were identified in the graphs:
- Axes were not labelled or incorrectly labelled.
- Cost curves were confused with revenue curves.
- AC curves were wrongly positioned in relation to the demand curve.
- MC curves did not intersect the AC curve at its minimum position.
- Monopoly graphs were drawn.
- Profit maximising point was wrongly identified as either as MC = AR or MC = AC.

(b) Most candidates performed poorly in the additional part of the essay. Characteristics of perfect competition were listed without showing how advantageous they were to either the consumer or the producer.

(c) Although guided in the question paper as to what a conclusion should entail, the writing of a relevant conclusion was a challenge for most candidates. Some candidates repeated content from the introduction and the body in the conclusion.

Suggestions for improvement

(a) Cost curves are considered prerequisite knowledge when dealing with the various equilibrium positions in Grade 12. Cost and revenue curves must be thoroughly addressed in Grade 11. This will serve as a solid foundation when drawing graphs related to perfect and imperfect markets in Grade 12.

(b) Teachers must assess learners regularly on essay questions by focusing more on the structure of essays. Teachers should focus on the additional part and the conclusion of the essay – these areas have been identified as problematic for many learners.

(c) Teachers are encouraged to get learners to practise the drawing of graphs and they should assess the accurate labelling of curves, profit maximising point and the shading of economic profit and economic loss. Learners must be reminded that there is no shading for normal profit.

(d) In the drawing of the various equilibrium positions, irrespective of whether it is a perfect or an imperfect market, the following steps must be emphasised and followed:
- Draw the revenue curves (demand, AR, MR).
- Thereafter, draw the cost curves. The AC curve must be drawn first followed by the MC curve. Thus, it would be easier to ensure that the MC curve will intersect the AC curve at its minimum point.
- The positioning of the AC curve in relation to the D/AR curve is important for the various equilibrium positions (minimum point of AC lies below the D/AR curve for Economic profit, above for an Economic loss and tangent in the case of normal profit).
- In the explanation of the graph the following key points should be the focus:
  - Profit maximising point (MR= MC). This is an important reference point as it influences the explanation of the graph.
  - The quantity produced and the price.
  - Compare AR to AC to determine whether a profit or loss has been made.
  - Indicate this profit or loss in the graph by shading the area.
- The teacher must regularly assess learners to master the interpretation of graphs.

(e) Subject advisors/Cluster leaders should provide adequate support and material that would help learners to deal with challenging topics, e.g. graphs.

(f) Teachers must ensure that learners are able to interpret questions correctly to avoid irrelevant information being included in their responses. Teachers are encouraged to expose learners to different questions on the same topic and guide them on the interpretation of questions. In this regard, learners should practise how to structure responses to questions based on key issues.

(g) Learners must practise answering higher-order questions. Teachers must unpack questions in a way that guides learners to focus on the key issues demanded by the question. Learners should be engaged in classroom discussions, which will promote their ability to interpret content and to think critically because of the feedback they get from others.

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES

In general, the level of performance in response to this question was satisfactory.

Common errors and misconceptions

Additional part:

(a) Overall, this part of the question was not well answered. Candidates clearly needed more exposure to the topic (environmental sustainability) through regular class discussions.

(b) Some candidates discussed *the benefits of tourism* instead of *government measures to ensure sustainability*. This suggested a lack of adequate preparation and spotting for the examination.

(c) Some candidates confused the topic with *environmental problems*.

(d) A fair percentage of the candidates were confused by the content as they wrote incorrect information to specific headings. e.g. under *environmental tax*, candidates wrote content related to *marketable permits*.

Suggestions for improvement

(a) The teaching of all content should be completed timeously so that more opportunities for revision are created. Poor planning and delivery often lead to some teachers rushing through the last few modules and not spending enough time on contemporary economic topics. Teachers need to ensure that each topic is given adequate attention, as outlined in the ATP.

(b) In their conclusions, learners should be taught how to structure a response in support of, or against the facts mentioned in the main part. During revision sessions, teachers should constantly remind learners of the guideline in the question paper regarding the conclusion to the essay.

(c) Learners must be exposed to current affairs/news/events on a continuous basis from Grade 10. SBA tasks should be prepared on current issues to help learners to relate the content to the real world. Teachers must be encouraged to expose learners to the latest developments related to the Contemporary Economic Issues.

(d) It is essential that teachers closely follow the *2021 Examination Guidelines* and ensure that the content is researched where textbooks do not cover such topics. A case in point is the Paris Agreement, which is an improvement on the Kyoto Protocol, as it limits the impact of climate change. Reference can be made to the first agreement the *United Nations Framework Convention on Climate Change (UNFCCC)* which failed as it was based on voluntary reduction of CO_2 levels. The structure of the additional part was extracted as it is in the examination guidelines: ‘Evaluate the success of international agreements in reducing climate change’.

(e) Essentially, the goal of the Paris Agreement (2015) is to limit global warming to well below 2 °C, preferably to 1,5 °Celsius**,** compared to pre-industrial levels. The Paris Agreement is a landmark treaty in the multilateral climate change process because, for the first time, a binding agreement establishes a global common cause to undertake ambitious efforts to combat climate change and adapt to its effects.

(f) Teachers should make the *2021 Examination Guidelines* available to all learners as this would help to check whether all aspects of the curriculum have been completed and to identify areas where the textbook lacks the relevant information. This will prevent content gaps in the teaching-learning process. It will provide opportunities for the teacher to set small tasks for learners to research and can be given as part of regular homework.

(g) Most resources are outdated and have not been revised recently. There have been amendments to the *Examination Guideline*s. Teachers must be encouraged to identify content gaps in their sources when interrogating the *2021 Examination Guideline*s and network with other schools, cluster, or the subject advisor in obtaining the relevant content to supplement the resources.